

ANNUAL REPORT

of the

ALBERTA DAIRY CONTROL BOARD

for the year

1989 – 1990



91-02676/

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for the fiscal year

ending March 31, 1990

Chairman's Message

We are pleased to report on the activities of the Alberta Dairy Control Board for the fiscal year ended March 31, 1990. At the outset, I wish to express appreciation to Mike Dordevic who after announcing his retirement, gave his undivided attention to assist the transfer of the Chairmanship. I would also like to thank all stakeholders in the dairy industry for their kind assistance to the Chairman and the new Board members. The Dairy Control Board, as in the past, is committed to provide you with the best possible service. This commitment is extended to provide an atmosphere of open dialogue between all stakeholders in the dairy industry.

The world marketplace for dairy products is negatively impacted by declining demand for butterfat. As a result, the dairy industry struggles to quickly shift emphasis from surplus products, butter and skim milk powder, into products of greater consumer demand. International bodies emphasize the urgency of matching production, processing and marketing programs to the ever changing consumer market. The Dairy Control Board has acted as an active participant in setting a long-term focus on programs which facilitate these market realities.

At the national level, Alberta continues to be a participant as one of the signatories and supporters to the National Milk Marketing Plan. As a member of this National Plan, it was necessary to support a three percent milk production cut in response to the changing consumer emphasis on low-fat products.

The long standing Alberta dairy industry restructuring talks came to an end last December when industry agreement could not be reached on the assembly and transportation issue. This issue aside, the Dairy Control Board, working with industry has implemented new programs to deal with many of the outstanding issues. New guidelines for distribution, product labelling, industrial milk allocation and pricing, fluid quotas, quota transfers and many more are being introduced by the Dairy Control Board. The Board has a commitment to manage change by involving all stakeholders wherever possible.

The Dairy Board conducts all deliberations with the objective of creating the highest level of competition within the constraints and disciplines of a supply managed industry.

I am taking this opportunity to express my sincere appreciation to the members of the Alberta Dairy Control Board, Staff, Policy Committee, Alberta Milk Producers' Society, Alberta Dairymen's Association, Department of Agriculture Staff, producers and processors for their valuable contribution in assisting the Dairy Control Board fulfill the legislated mandate. A mandate which includes a responsibility for keeping the Minister of Agriculture, The Honourable Ernie Isley, fully informed on the Alberta dairy industry.

We look forward to the challenges ahead.

James P. Heron, Chairman
Alberta Dairy Control Board

ALBERTA DAIRY CONTROL BOARD

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Authority and Mandate

The Alberta Dairy Control Board is a Crown Corporation, operating under the authority of the Dairy Board Act.

The purpose of the Dairy Board is to control and regulate the sale of milk in Alberta. The Board's responsibilities cross all three sectors of the industry; fluid milk, industrial milk and cream.

Membership of the Board consists of three active dairy producers, one consumer representative and a full time Chairman. The Chairman reports directly to the Minister of Agriculture. The Board has employed ten full time staff to administer dairy policy within Alberta.

The Alberta Dairy Control Board is one of the signatories to the Comprehensive Milk Marketing Plan (the National Plan governing the production of industrial milk in Canada). The Board has accepted the responsibility of administering market share quota, collecting the appropriate levies, and remitting them on behalf of Alberta producers. Mike Dordevic, Chairman, represented Alberta on the Canadian Milk Supply Management Committee, responsible for balancing milk production with domestic and export demand.

Dairy policies are developed with the objective to provide efficient producers and processors of milk and cream an opportunity of obtaining a fair return for their labor and investment. Of equal importance is that of providing consumers of dairy products with a continuous supply of high quality dairy products at reasonable prices.

The Board has a responsibility to establish the producer price for milk used in all classes except class I. Under authority in the Dairy Board Act, the responsibility is given to the Public Utilities Board to establish the price for class I milk.

ALBERTA DAIRY CONTROL BOARD

BOARD MEMBERS

James P. Heron (Chairman)	----- Spruce Grove
Lucille Dougherty	----- High River
Reid Cameron	----- Millet
James Hunter	----- Medicine Hat
Terry Murray	----- Wainwright
Lloyd Johnston (Secretary-Manager)	----- Wetaskiwin

BOARD STAFF

Brian Allen (Inspector)	----- Airdrie
Robin Laderoute (Accountant)	----- Wetaskiwin
Therese Fitzgerald (Market Share Clerk)	----- Wetaskiwin
Dianne Savage (Secretary)	----- Airdrie
Emma Elliott (Secretary)	----- Wetaskiwin
Marj Loov (Secretary)	----- Wetaskiwin
Denice Monaghan (Secretary)	----- Wetaskiwin
Maria Siegl (Secretary)	----- Lethbridge

A. Dairy Control Board

Mike Dordevic, Chairman of the Alberta Dairy Control Board, for six years announced his retirement from the Board. Mike will long be remembered by people in the industry for his many years of untiring dedication toward the betterment of the dairy industry.

James P. Heron was appointed as Chairman of the Alberta Dairy Control Board on December 1, 1989.

Mrs. Chorny, a consumer and Albert Kastelic, a producer, each of whom served as members of the Alberta Dairy Control Board for 17 years retired from the Board. Mrs. Chorny and Albert Kastelic both have an undonated record of fairness and dedication to the dairy industry. The industry has grown and matured due in part to their many years of input.

Lucille Dougherty, a consumer from High River and Terry Murray, a producer from Wainwright were appointed to the Board.

B. Operations

The dairy industry did not experience any significant changes in production or consumption during the 1989-90 year. Sales of fluid products decreased by 1.89 percent. Cream sales increased 1.02 percent. Sales of 1% partly skimmed milk continued to show excellent growth reaching 97,000 litres/day. At March 31, 1990 it had captured 12 percent of the fluid milk market. Skim milk sales increased 3.8 percent and 2% partly skimmed milk sales declined by 6.8 percent. Low fat milk, including skim, 1% and 2% combined to represent 71.7 percent of total milk sales.

The number of producers continue to decline with the sharpest drop occurring in the cream sector. As of March 31, 1990 there were 1915 active producers; 1442 milk producers, 473 delivered farm separated cream. This represents a 6.63 percent decline overall and 1.5 percent among the 1442 milk producers.

The Graduated Entry Program exchanges fluid milk quota for market share quota. The program was designed for an industrial milk producer or cream producer to obtain up to 200 litres of daily fluid milk quota over four years. There were 167 producers who received the third allotment on August 1, 1989. The final allotments in this program will occur on August 1, 1990.

Total production under market share quota in the period ending July 31, 1989 was 100.87 percent of the provincial allocation of 11,354,000 kg.

Producers received a refund of over-quota levies paid on deliveries up to 119.6 percent of market share quota. Production to March 31, 1990 indicated that Alberta's MSQ allotment will be met at near the 100 percent level.

Milk utilization for industrial purposes remained approximately 54 percent and for fluid purposes 46 percent of total provincial milk production.

C. Fluid Milk

The Dairy Board licenced 1442 fluid milk producers, 32 processors, 16 processor distributors and 109 distributors during 1989-90.

Fluid milk quotas were set, adjusted and transferred during the year. Total daily fluid quota allotted to producers were 969,010 litres.

The Board operated a fluid milk equalization pool for Alberta milk producers. Utilization of all milk received by processors was reported to the Board. The utilization and production figures were used to determine quota and over-quota prices each month to be paid to producers. Through the fluid milk equalization pool, the Board collected money from some processors and paid to others in a manner that allowed all producers to be paid the same amount per hectolitre of quota and over-quota milk as their fellow dairymen. 1990 was the fourteenth year of operating the equalization pool.

Producer returns for industrial milk increased to \$40.95/hl on August 1, 1990 representing an increase of \$0.39/hl.

Fluid milk producers experienced a price increase of \$0.98/hl on Class I milk in August and February, a decrease of \$0.98/hl in November, ending at \$53.03/hl in March 1990.

The audit program of the Board was continued during the year. The cooperation provided by the industry is to be commended. The efforts of this audit program is to ensure producers have been accurately paid by processors.

D. National Milk Marketing Plan

The Dairy Board appointed a Market Share Policy Committee. Membership on the Committee was two producers; a processor representative from each of Northern Alberta Dairy Pool Ltd., Central Alberta Dairy Pool Ltd., Lucerne Foods Ltd. and one representative from an independent processor other than Lucerne Foods Ltd. or Palm Dairies Limited; one Alberta Agriculture representative, as well as the Chairman of the Alberta Dairy Control Board. This Committee made recommendations to the Dairy Board on matters relating to the Milk Market Sharing Plan and other issues before the industry.

The Board developed dairy policy in consultation with the Quota Committee, the Alberta Milk Producers' Society, Alberta Dairymen's Association, and input from individual producers. The policy respecting market share quota remained consistent with previous policy.

The Board operated a Quota Exchange during the year. This Exchange, one for unused, the other for used, allows producers to transfer market share quota to other producers in the province. There was 2.45 percent of the provincial MSQ transferred in this manner. The purpose of the Quota Exchange is to allow producers to balance small differences between production and quota in a manner that prevents loss of quota due to underdeliveries, payment of over-quota levies or major management changes simply to protect quota.

During the fiscal year, approximately 7 percent of the provincial MSQ changed hands via complete herd and quota transfers.

Producers who delivered less than 90 percent of MSQ during the period ending July 31st had their quota adjusted to reflect the ability to deliver. Despite the underdeliveries by a few producers, the provincial allotment was exceeded by 2.65 percent.

The Dairy Board continued to provide funding in support of the Dairy Cost Study participants who provided data to the study.

The Cost Study results were compared to the fluid milk price as set by the Public Utilities Board to monitor the fluid milk formula. The Cost Study data demonstrated whether or not producers are earning a reasonable rate of return for their investment and management.

The Board staff have availed themselves to other Departments of Government, Agri-business, other agencies and organizations to provide service to the dairy industry at the highest possible level.

The ongoing discussions about how the dairy industry should be restructured failed, without obvious agreement on the entire package, the Alberta Dairy Control, through a process of soliciting stakeholders' input, began addressing individual aspects of the talks. Processors were issued province wide distribution licences. The city of Lethbridge maintained their bylaw which prohibits distribution of milk unless it was processed within a 15 km radius of Lethbridge. Processors were granted the freedom to use whatever brand they wished on their milk cartons.

The Board enjoyed cooperation from all sectors of the industry during the year, including processors, producers, Alberta Milk Producers' Society, other industry groups, Agri-business, several departments of the Alberta Government, Statistics Canada, Agriculture Canada and the Canadian Dairy Commission.

The Board entered into agreements with the Alberta Milk Producers' Society and the Dairy Nutrition Council whereby assessments for dairy promotion and nutrition education are collected by the Board. These monies are transferred to the respective agencies to provide services for producers.

It is significant to identify that the Dairy Board assessments for operating the Board and paying its staff have remained at the same rate since October 1975.

Respectfully Submitted

L.G. Johnston, Secretary-Manager

ALBERTA DAIRY CONTROL BOARD

FINANCIAL STATEMENTS

MARCH 31, 1990

Balance Sheet

Statement of Revenue, Expenditure and Retained Earnings

Notes to the Financial Statements

ALBERTA DAIRY CONTROL BOARD

BALANCE SHEET

AS AT MARCH 31, 1990

	<u>1990</u>	<u>1989</u>
<u>ASSETS</u>		
Operating:		
Cash	\$1,218,475	\$1,314,199
Due from processors and producers (Note 3)	<u>469,299</u>	<u>492,774</u>
	<u>1,687,774</u>	<u>1,806,973</u>
Trust: (Note 4)		
Cash	858,488	253,026
Due from processors and producers (Note 3)	<u>1,089,096</u>	<u>797,900</u>
	<u>1,947,584</u>	<u>1,050,926</u>
	<u>\$3,635,358</u>	<u>\$2,857,899</u>

LIABILITIES AND RETAINED EARNINGS

Operating:		
Due to processors and producers (Note 5)	\$ 667,310	\$ 875,631
Due to Province of Alberta	<u>55,378</u>	<u>37,565</u>
	722,688	913,196
Retained earnings	<u>965,086</u>	<u>893,777</u>
	1,687,774	1,806,973
Trust liabilities (Note 4)	<u>1,947,584</u>	<u>1,050,926</u>
	<u>\$3,635,358</u>	<u>\$2,857,899</u>

The accompanying notes are part
of these financial statements.

ALBERTA DAIRY CONTROL BOARD
STATEMENT OF REVENUE, EXPENDITURE AND RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31, 1990

	<u>1990</u>	<u>1989</u>
<u>REVENUE</u>		
Assessments:		
Fluid milk quota	\$276,980	\$274,604
Market share quota	225,137	232,580
Service charges	<u>7,698</u>	<u>13,047</u>
	<u>509,815</u>	<u>520,231</u>
<u>EXPENDITURE</u>		
Administration: (Note 6)		
Salaries and employee benefits	311,924	268,893
Travel	39,510	30,827
General office	22,050	19,079
Data processing	20,214	21,306
Board fees	<u>8,032</u>	<u>6,711</u>
	401,730	346,816
Data processing equipment and software	5,000	-
Grants	<u>31,776</u>	<u>33,479</u>
	<u>438,506</u>	<u>380,295</u>
Excess of revenue over expenditure for the year	71,309	139,936
Retained earnings at beginning of year	<u>893,777</u>	<u>753,841</u>
Retained earnings at end of year	<u>\$965,086</u>	<u>\$893,777</u>

ALBERTA DAIRY CONTROL BOARD
NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 1990

Note 1 Authority

The Alberta Dairy Control Board operates under the authority of the Dairy Board Act, Chapter D-1, Revised Statutes of Alberta 1980, as amended.

Note 2 Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Due from Processors and Producers

Amounts due from processors and producers consist of the following:

	<u>1990</u>	<u>1989</u>
Operating:		
Price equalization	\$ 417,652	\$443,373
Fluid milk quota assessments	25,157	30,105
Market share quota assessments	19,349	18,825
Other	<u>7,141</u>	<u>471</u>
	<u>\$ 469,299</u>	<u>\$492,774</u>
Trust:		
Canadian Dairy Commission	\$ 792,474	\$797,900
Alberta Milk Producers Society	276,512	-
Dairy Nutrition Council of Alberta	<u>20,110</u>	<u>-</u>
	<u>\$1,089,096</u>	<u>\$797,900</u>

Note 4 Trust

Under the National Milk Marketing Plan, the Board collects levies from processors on behalf of producers and forwards the levies to the Canadian Dairy Commission. A portion of the levies collected can be refunded to producers under certain conditions. During the year, levies totalling approximately \$13,300,000 (1989 \$17,800,000) were collected under the above Plan.

During the year the Board agreed to collect levies for milk promotion and education on behalf of the Dairy Nutrition Council of Alberta and the Alberta Milk Producers Society. Approximately \$170,000 was collected for the Dairy Nutrition Council of Alberta and approximately \$2,300,000 for the Alberta Milk Producers Society.

Note 5 Due to Processors and Producers

Amounts due to processors and producers consist of the following:

	<u>1990</u>	<u>1989</u>
Operating:		
Price equalization	\$437,978	\$461,971
Quota exchange	227,276	409,877
Other	<u>2,056</u>	<u>3,783</u>
	<u>\$667,310</u>	<u>\$875,631</u>

Note 6 Administration Costs

Accommodation, office furniture, certain office equipment and certain administrative service costs are borne by the General Revenue Fund and are not reflected in these financial statements. In addition, 25% of all other administration costs of \$535,640 (1989 \$462,421) is borne by the General Revenue Fund and is also not reflected in these financial statements.

Note 7 Interest on Cash Deposits and Licence Fee Income

Interest from cash deposits in the Consolidated Cash Investment Trust Fund and licence fee income have been credited directly to the General Revenue Fund of the Province of Alberta.

Note 8 Approval of Financial Statements

These financial statements were approved by management.

TABLE 1

NUMBER OF MILK PROCESSORS AND DISTRIBUTORS

AS AT MARCH 31

	1990	1989	1988
	-----	-----	-----
Number of Processors	32	32	31
Number of Processor/Distributors	16	16	15
Number of Distributor Agents/Depots	109	121	90

TABLE 2

FLUID MILK AND CREAM CONSUMPTION IN LITRES

APRIL 1 TO MARCH 31

	Milk	Cream	Total
1985 - 1986	252,846,782	9,425,502	262,272,284
1986 - 1987	255,115,053	9,656,615	264,771,668
1987 - 1988	256,961,614	10,089,428	267,051,042
1988 - 1989	256,286,990	10,260,600	266,547,590
1989 - 1990	261,153,952	10,333,930	271,487,882

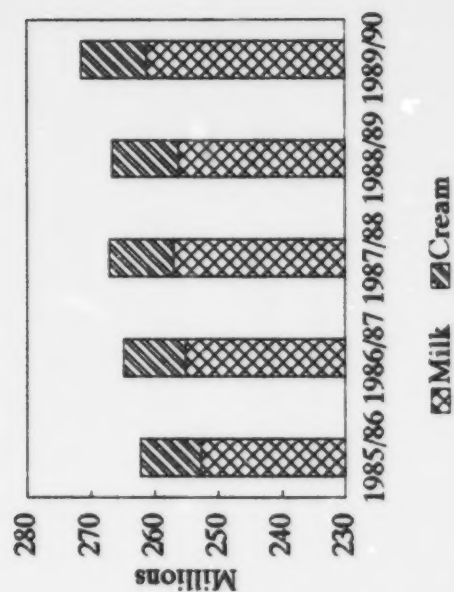


TABLE 3

SALES OF FLUID MILK IN LITRES

APRIL 1, 1989 TO MARCH 31, 1990

	Monthly	Cumulative
April	21,299,903	21,299,903
May	22,752,674	44,052,577
June	22,655,782	66,708,359
July	20,252,105	86,960,464
Aug	22,140,909	109,101,373
September	22,719,071	131,820,444
October	23,870,850	155,691,294
November	23,058,863	178,750,157
December	23,504,021	202,254,178
January	23,499,397	225,753,575
February	21,614,640	247,368,215
March	24,119,667	271,487,882

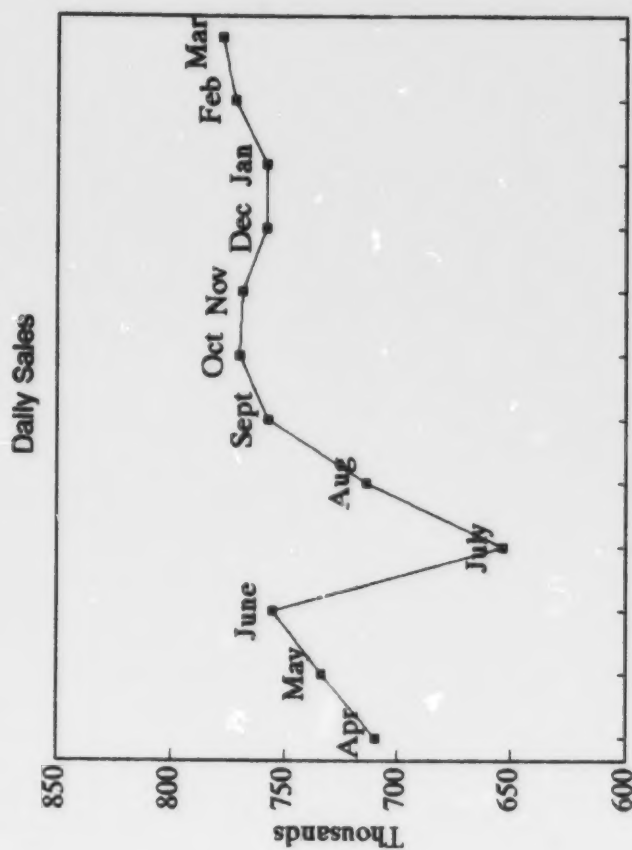


TABLE 4

SALES OF HOMO MILK IN LITRES

APRIL 1, 1989 TO MARCH 31, 1990

	Monthly	Cumulative
April	3,889,747	3,889,747
May	4,119,315	8,009,062
June	4,119,832	12,128,894
July	3,742,107	15,871,001
Aug	4,080,161	19,951,161
September	3,950,668	23,901,829
October	4,234,598	28,136,426
November	4,044,479	32,180,905
December	4,024,726	36,205,631
January	4,185,909	40,391,540
February	3,825,993	44,217,533
March	4,211,066	48,428,599

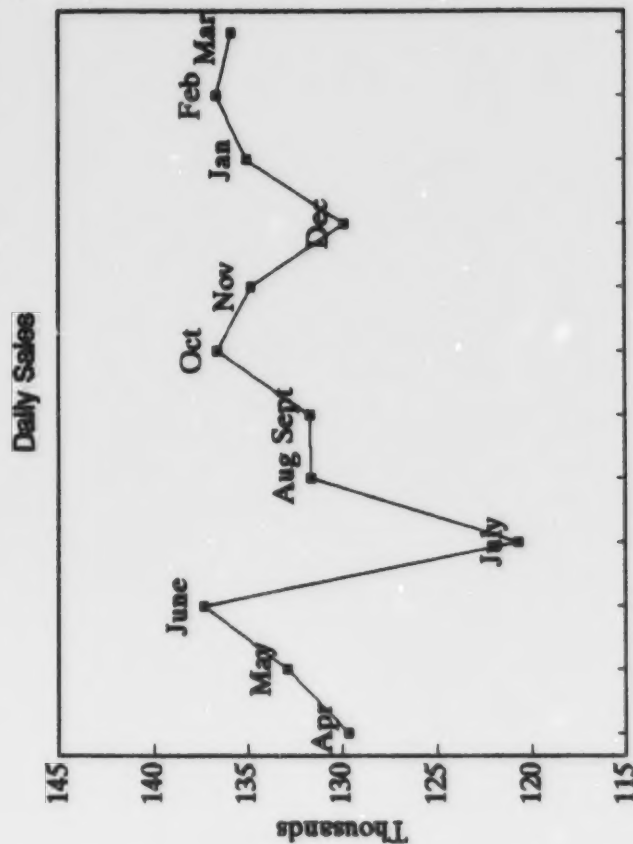


TABLE 5

SALES OF 2% MILK IN LITRES

APRIL 1, 1989 TO MARCH 31, 1990

	Monthly	Cumulative
April	11,339,055	11,339,055
May	12,088,575	23,427,630
June	11,968,355	35,395,985
July	10,652,135	46,048,120
Aug	11,657,785	57,705,905
September	11,987,994	69,693,899
October	12,384,592	82,078,491
November	11,839,843	93,918,334
December	11,529,718	105,448,052
January	12,217,422	117,665,474
February	11,139,256	128,804,730
March	12,274,846	141,079,576

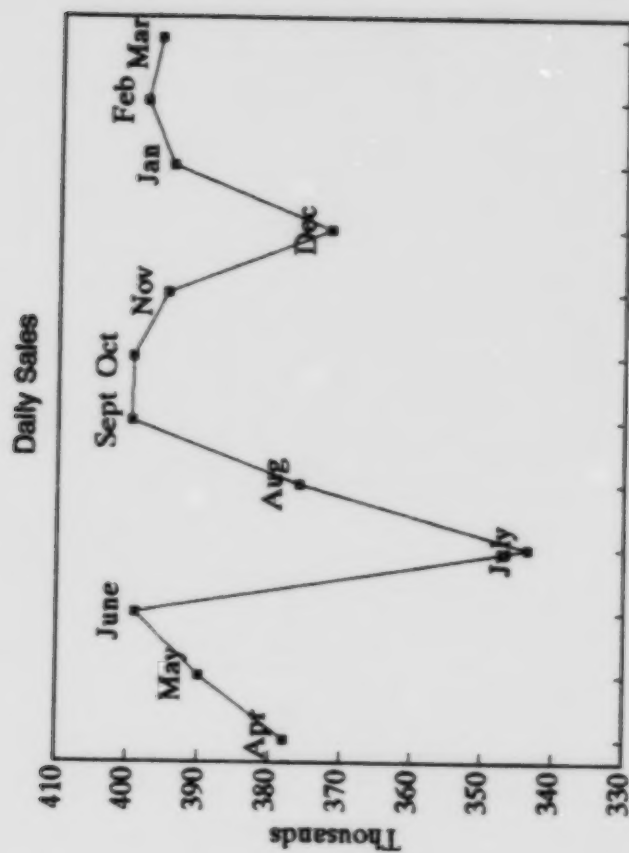


TABLE 6

SALES OF 1% MILK IN LITRES

APRIL 1, 1989 TO MARCH 31, 1990

	Monthly	Cumulative
April	2,301,597	2,301,597
May	2,481,390	4,782,987
June	2,520,734	7,303,721
July	2,205,393	9,509,114
Aug	2,418,194	11,927,308
September	2,679,684	14,606,991
October	2,809,745	17,416,736
November	2,751,600	20,168,336
December	2,629,623	22,797,959
January	2,890,208	25,688,167
February	2,701,917	28,390,084
March	3,070,745	31,460,829

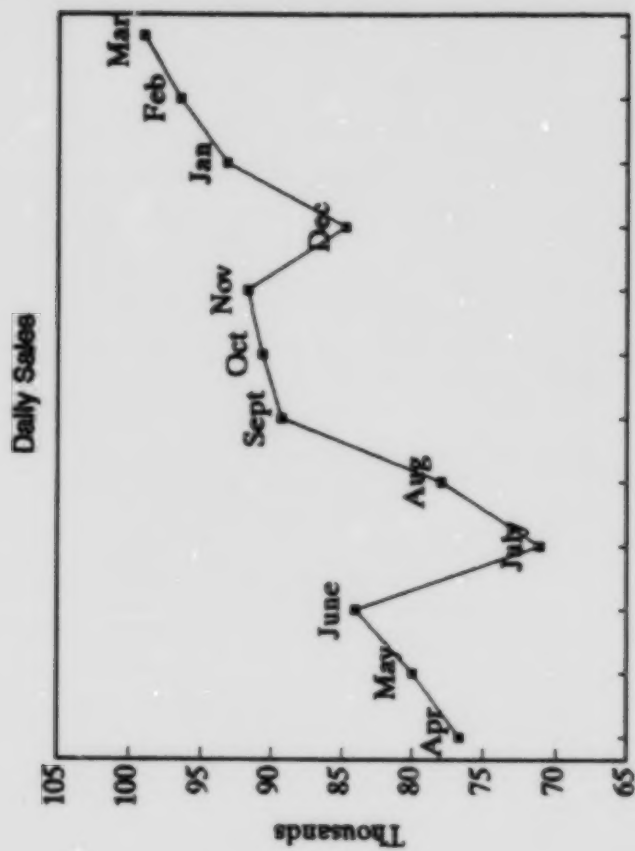


TABLE 7
SALES OF SKIM MILK IN LITRES
APRIL 1, 1989 TO MARCH 31, 1990

	Monthly	Cumulative
April	1,715,927	1,715,927
May	1,827,127	3,543,054
June	1,818,566	5,361,620
July	1,597,974	6,959,595
Aug	1,717,274	8,676,868
September	1,848,694	10,525,562
October	1,935,280	12,460,842
November	1,879,346	14,340,188
December	1,757,959	16,098,147
January	2,002,386	18,100,533
February	1,839,813	19,940,346
March	2,119,082	22,059,428

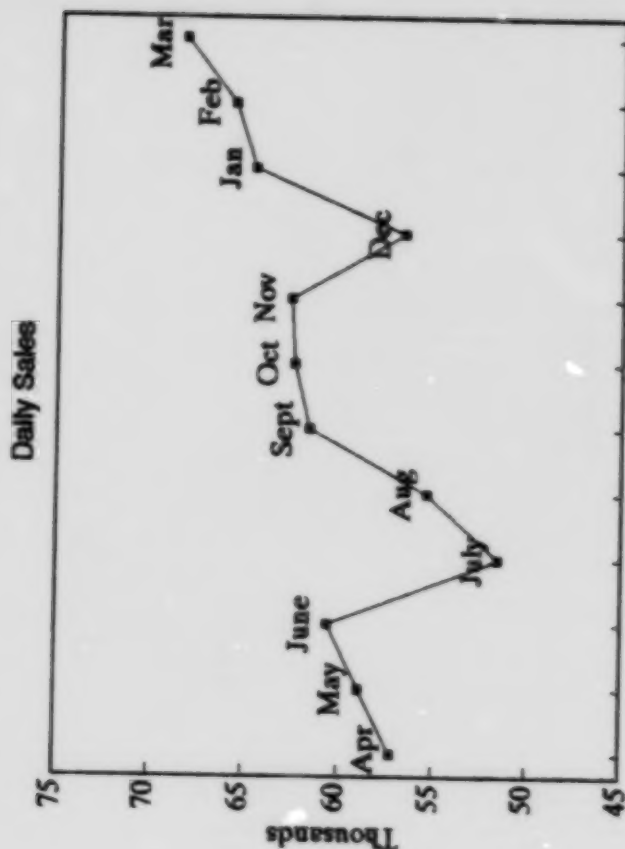


TABLE 8

SALES OF CHOCOLATE MILK IN LITRES

APRIL 1, 1989 TO MARCH 31, 1990

	Monthly	Cumulative
April	1,117,609	1,117,609
May	1,199,376	2,316,985
June	1,174,136	3,491,121
July	1,073,791	4,564,911
Aug	1,185,408	5,750,319
September	1,237,740	6,988,059
October	1,378,272	8,366,331
November	1,296,768	9,663,099
December	1,121,341	10,784,440
January	1,280,627	12,065,067
February	1,188,857	13,253,924
March	1,402,963	14,656,887

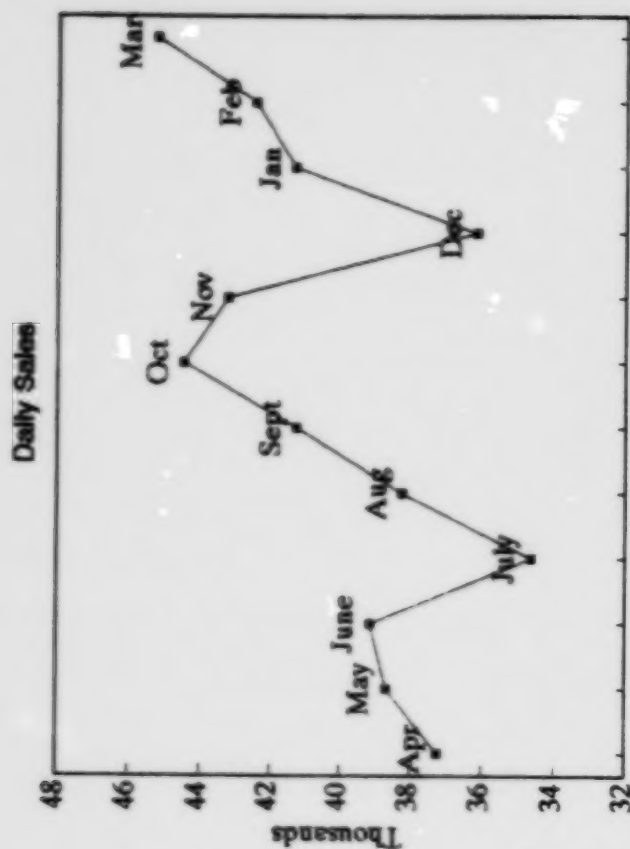


TABLE 9

SALES OF BUTTERMILK IN LITRES

APRIL 1, 1989 TO MARCH 31, 1990

	Monthly	Cumulative
April	145,463	145,463
May	162,129	307,592
June	170,727	478,319
July	162,030	640,349
Aug	170,843	811,192
September	153,754	964,946
October	158,388	1,123,334
November	147,851	1,271,185
December	136,151	1,407,336
January	142,989	1,550,325
February	141,576	1,691,901
March	163,986	1,855,887

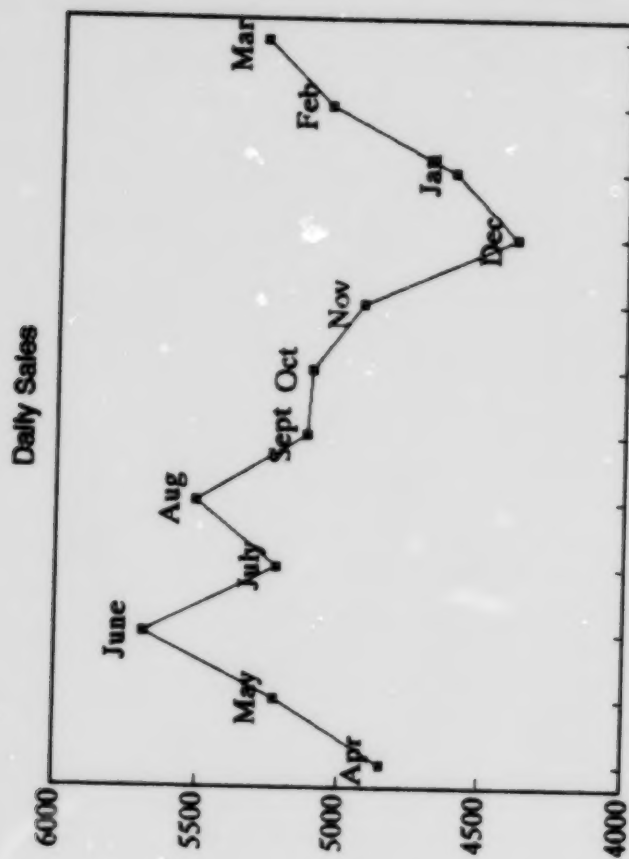


TABLE 10

SALES OF BOG NOG IN LITRES

APRIL 1, 1989 TO MARCH 31, 1990

	Monthly	Cumulative
April	576	576
May	410	986
June	582	1,568
July	442	2,010
Aug	462	2,472
September	626	3,098
October	47,973	51,071
November	260,880	311,951
December	1,320,064	1,632,015
January	(18,814)	1,613,201
February	(604)	1,612,597
March	149	1,612,746

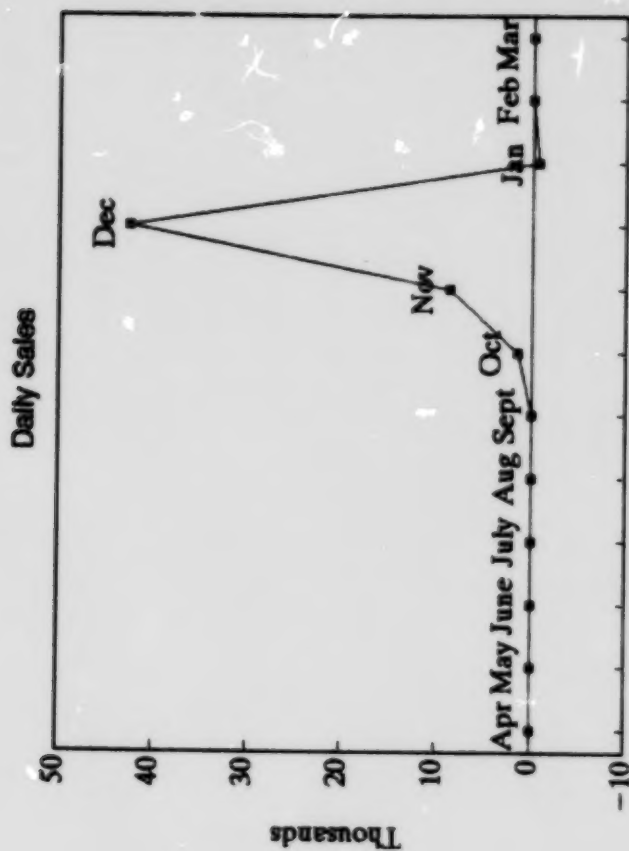


TABLE 11

SALES OF FLUID CREAM IN LITRES

APRIL 1, 1989 TO MARCH 31, 1990

	Monthly	Cumulative
April	789,929	789,929
May	874,352	1,664,281
June	882,850	2,547,131
July	818,233	3,365,364
Aug	910,782	4,276,146
September	959,913	5,236,059
October	922,004	6,158,063
November	838,096	6,996,159
December	984,439	7,980,598
January	798,670	8,779,268
February	777,832	9,557,100
March	876,830	10,433,930

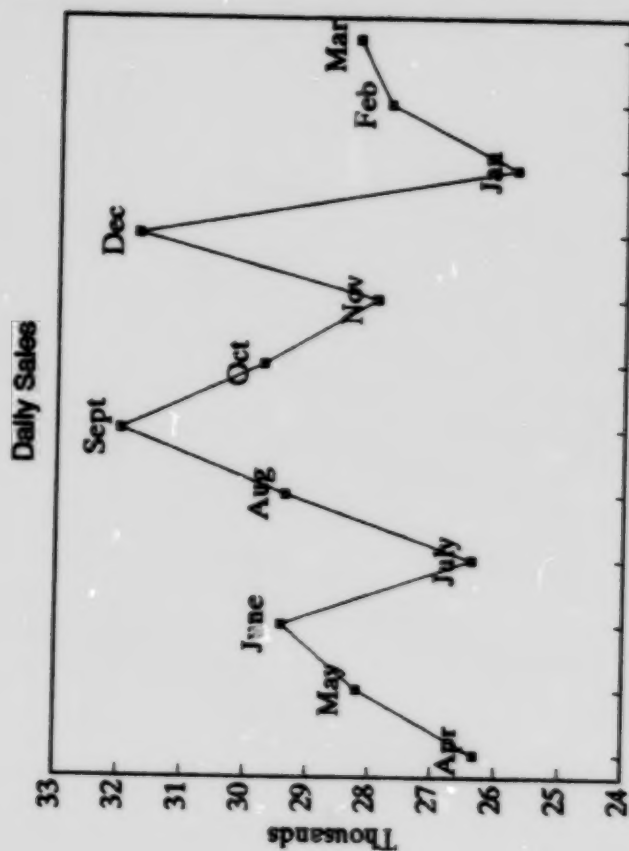


TABLE 12

TOTAL SALES OF MILK AND CREAM IN LITRES BY SIZE OF CONTAINERS

APRIL 1, 1989 TO MARCH 31, 1990

	FLUID MILK PRODUCTS	% OF TOTAL	CREAM	% OF TOTAL	TOTAL ALL PRODUCTS	% OF TOTAL
20 LITRES	9,522,060	3.65	183,090	1.77	9,705,150	3.57
4 LITRES	17,601,788	6.74			17,601,788	6.48
2 LITRES	190,897,168	73.10			190,897,168	70.32
1 LITRE	27,767,118	10.63	3,003,782	29.07	30,770,900	11.33
500 ML	7,002,161	2.68	3,078,215	29.79	10,080,376	3.71
250 & 125 ML	8,363,657	3.20	947,195	9.17	9,310,852	3.43
CREAMER			3,121,648	30.21	3,121,648	1.15
TOTAL LITRES	261,153,952	100.00	10,333,930	100.00	271,487,882	100.00

TABLE 13

PERCENTAGE OF SALES BY PRODUCT SIZE

APRIL 1, 1988 TO MARCH 31, 1990

	20 Litres	4 Litres	2 Litres	1 Litre	500 ml	250 & 125 ml	Portion Pak
Homogenized	4.53	8.85	76.74	9.33	0.49	0.06	
2%	4.18	8.54	75.76	6.78	1.77	2.97	
1%	0.69	2.26	89.82	7.18		0.05	
Skim	0.42	2.54	81.92	13.48		1.64	
Chocolate	7.37			37.90	29.11	25.62	
Buttermilk	2.47			97.37		0.16	
Eggnog	0.01		32.39	67.58		0.02	
10% Cream	2.43			23.17	31.36	2.62	40.42
18% Cream							100.00
Whip Cream				46.20	26.18	27.62	

TABLE 14

TOTAL FLUID SALES BY PRODUCT IN LITRES

APRIL 1, 1989 TO MARCH 31, 1990

	Sales	% Utilization
Homo	48,428,599	17.8%
2%	141,079,576	52.0%
1%	31,460,829	11.6%
Skim	22,059,428	8.1%
Chocolate	14,656,887	5.4%
Buttermilk	1,855,887	0.7%
Egg Nog	1,612,746	0.6%
	261,153,952	
Cream	10,333,930	3.8%
Total	271,487,882	
	=====	

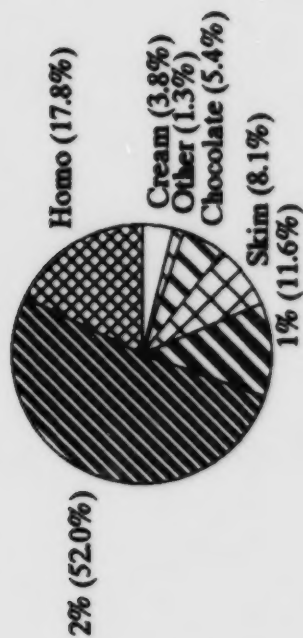


TABLE 15

CLASS I SALES, UTILIZATION PERCENTAGE OF QUOTA MILK

APRIL 1 TO MARCH 31

	Class I Sales 1989 - 1990	% Utilization
April	20,802,767	72.51
May	23,530,800	79.33
June	22,145,952	76.91
July	19,620,291	66.36
August	21,374,434	71.75
September	22,250,789	77.15
October	23,302,637	78.33
November	22,522,311	78.10
December	22,280,174	74.59
January	23,073,471	77.19
February	21,221,780	78.58
March	23,633,216	79.02
Total	265,758,622	75.80

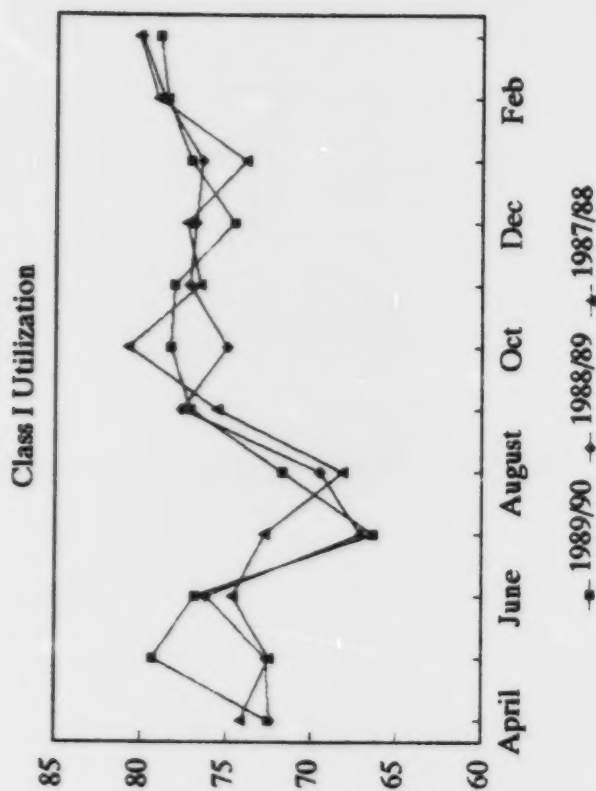


TABLE 16

UTILIZATION OF QUALIFYING MILK BY CLASS

APRIL 1, 1989 TO MARCH 31, 1990

	Litres	Percentage
Class I	265,758,622	46.3%
Class II	60,099,384	10.5%
Class IIIA	43,350,726	7.6%
Class IIIB	90,273,401	15.7%
Class IIIC	114,323,232	19.9%
Class IV	0	0.0%

573,805,365

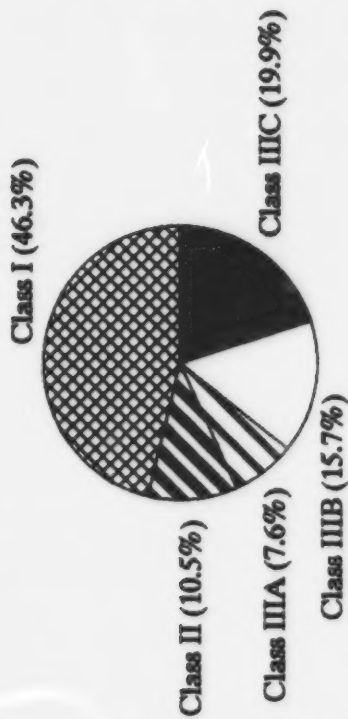


TABLE 17

MILK AND CREAM PRODUCERS AND PRODUCTION

APRIL 1 TO MARCH 31

	1989-1990	1988-1989	1987-1988
	-----	-----	-----
Number of Milk Producers	1,442	1,464	1,495
Number of Cream Producers	473	587	844
Milk Production (litres)	573,805,365	574,758,213	572,476,618
Cream Production (kilograms)	448,035	573,661	684,099

The average daily shipment per milk producer was 1,090 litres in 1989-1990

TABLE 18

GRADUATED ENTRY PLAN STATISTICS

	1989	1988	1987	1986	1985	1984
Applications Received	0	0	0	58	56	18
Applications Accepted	0	0	176	0	0	0
Total Applications Accepted Since January 1, 1975	1,106	1,106	1,106	930	930	930
Initial Allotment - Litres	0	0	8,785	0	0	0
2nd year daily allotment - Litres	0	8,400	0	0	0	0
3rd year daily allotment - Litres	8,230	0	0	0	0	2,435
Total Litres to Date	336,935	328,705	320,305	311,520	311,520	311,520

TABLE 19

UNUSED MARKET SHARE QUOTA EXCHANGE

	1989-90		1988-89		1987-88		1986-87	
	\$/KG	KG SOLD	\$/KG	KG SOLD	\$/KG	KG SOLD	\$/KG	KG SOLD
October	10.00	3,147	15.00	897	15.00	10,208	8.50	5,637
November	9.50	4,124	16.00	7,164	17.00	7,327	9.50	13,575
December	7.50	5,355	15.00	4,593	17.00	13,240	10.00	3,314
January	9.00	9,013	15.00	4,648	17.00	12,908	10.00	3,244
February	10.00	13,479	14.75	19,345	19.00	8,445	12.00	10,074
March	11.00	19,256	15.00	23,009	20.00	19,727	12.00	2,698
April	13.00	18,302	16.00	21,745	21.00	19,399	13.00	2,754
May	13.00	48,349	15.50	35,913	22.00	16,216	16.00	12,127
June	13.00	64,951	14.75	35,289	21.00	16,245	18.00	14,275
July	14.00	36,750	14.00	42,806	20.00	22,852		0
WEIGHTED AVERAGE	12.41	222,726	14.95	195,409	19.37	146,567	13.04	67,698

TABLE 20

USED MARKET SHARE QUOTA EXCHANGE

	1989-90			1988-89			1987-88			1986-87		
	\$/KG	KG SOLD	\$/KG	\$/KG	KG SOLD	\$/KG	\$/KG	KG SOLD	\$/KG	\$/KG	KG SOLD	KG SOLD
October	6.00	124	12.00		1,000	14.00		1,753	6.00		377	
November	5.50	1,691	11.00		1,454	12.00		498	7.50		1,083	
December	5.50	1,572	10.00		1,657	12.00		2,939	8.00		198	
January	4.00	0	10.00		3,736	10.00		721	8.00		160	
February	6.00	1,952	9.00		3,235	9.00		1,725	8.50		3,509	
March	8.00	1,745	8.50		7,353	12.00		5,985	8.50		1,298	
April	8.00	10,399	8.50		9,256	14.00		4,876	10.00		456	
May	10.00	4,533	9.00		12,025	15.00		4,226	12.00		1,036	
June	10.50	10,800	9.00		10,566	15.00		1,651	13.00		943	
July	10.00	15,512	9.00		10,478	15.00		7,220			0	
WEIGHTED AVERAGE	9.13	48,328	9.05		60,760	13.45		31,594	9.20		9,060	

TABLE 21

MILK PRICES: CLASS I, II, III, QUOTA & OVERQUOTA

1989

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Class I	51.07	51.07	51.07	52.05	52.05	52.05	52.05	52.84	53.03	53.03	52.12	52.05
Class II	42.36	42.36	42.36	42.36	42.36	42.36	42.36	42.75	42.75	42.75	42.75	42.75
Class III	40.56	40.56	40.56	40.56	40.56	40.56	40.56	40.95	40.95	40.95	40.95	40.95
Quota	48.62	48.86	48.94	48.98	49.61	49.41	48.23	49.52	50.32	50.46	49.73	49.24
Overquota	40.86	40.85	40.74	40.96	40.65	40.83	40.85	41.24	41.28	41.30	41.32	41.25

1988

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Class I	48.13	48.13	48.13	48.13	48.13	49.11	49.11	50.09	50.09	51.07	51.07	51.07
Class II	41.78	42.36	42.36	42.36	42.36	42.36	42.36	42.36	42.36	42.36	42.36	42.36
Class III	39.98	40.56	40.56	40.56	40.56	40.56	40.56	40.56	40.56	40.56	40.56	40.56
Quota	46.10	46.57	46.66	46.15	46.11	46.68	46.32	47.12	47.95	48.53	48.67	48.69
Overquota	40.38	40.84	40.81	40.92	40.89	40.74	40.87	40.76	40.83	40.97	40.88	40.87